

Principal Health Care  
of Florida Conversion



# Agent Update



**BlueCross BlueShield  
of Florida**

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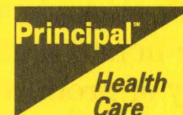
# SPECIAL SALES BULLETIN



**BlueCross BlueShield  
of Florida**

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Blue Cross and Blue Shield Association

Health OptionsConnect, Inc.  
formerly



PRINCIPAL HEALTH CARE OF FLORIDA, INC.

## Important *New* Information!

**B**lue Cross and Blue Shield of Florida is committed to ensuring that all Principal Health Care of Florida members have the opportunity to experience the peace of mind that comes with having Blue Cross and Blue Shield of Florida.

We have heard from our agents and sales representatives that issues such as rate increases and product matches are making it a challenge for the Principal Health Care of Florida groups to choose Blue Cross and Blue Shield of Florida. We have made some adjustments in these areas, and wanted you to know how we are addressing the issues.

**Effective July 1, 1999, the following guidelines  
apply for renewing groups with 1-50 eligible lives:**

**Rate Modification** – To ease the group's transition from Principal Health Care of Florida to Blue Cross and Blue Shield of Florida, a 15 percent rate increase cap will apply only for those products to which the group is matched. This rate increase cap is for all groups converting through March 2000. It will provide groups with a more consistent renewal rate so they can better manage their expenses and eliminate the need for you to present large rate increases.

**Improved Product Matching** – If the group currently has an HMO product with Principal Health Care of Florida, they will be matched to a Health Options HMO product that is most like their current plan. If the group has a point-of-service product, they will be offered our Blue Cross Care Manager product. Groups that have a dual option HMO/POS product will be offered our HMO/Blue Cross Care Manager product. This policy is applicable statewide.

**More Important Information on Back!**



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**Relationship of Rates to Products** – Products within the HMO and Care Manager family will retain the correct rate relationships. If a group is matched to a specific HMO product, the 15 percent rate increase cap will apply to that plan. Any plan within the HMO family of products will retain the correct rate relationship (for example, if the group wants the HMO option with a richer benefit package than the one matched to them, the rate would be in proportion to the benefits). If a group requests benefit plan alternatives outside of this family of products, those alternatives will not reflect the rate increase cap. There may be situations where the group is matched to a rate-capped Care Manager product, for example, but an alternative HMO plan may have a higher premium than the original matched product.

**Alternative Product Options** – Blue Cross and Blue Shield of Florida will continue to offer alternative products to groups that request changes in their benefits. If the group requests benefit plan alternatives outside of the family of products to which they are matched, these benefit alternatives will not be capped.

**Early Renewals** -- We will convert any current Principal Health Care of Florida group that wishes to renew earlier than their scheduled date. Simply notify your BCBSF contact that the group would like an early renewal. The rate increase cap and product matching changes are effective for all groups with renewal dates of July 1, 1999 and beyond.

**April-June Renewals** -- For renewals already quoted at rates that exceed 15 percent from April through June 1999, we are currently updating these groups' rates and plan to begin communicating with groups and their agents in the upcoming weeks about their new rates. In some cases, groups will receive a premium reduction.

Based on feedback we have received from our agents and sales representatives, we believe that these enhancements and changes will assist in converting your clients to Blue Cross and Blue Shield of Florida.

If you have questions about these guidelines,  
please contact your BCBSF local sales office or  
your ONA/RBG sales management office.

Thank you for your continued support of Blue Cross and Blue Shield of Florida as we work to provide your clients with quality, affordable health care plans.

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**Improved Product Matching** – If the group currently has an HMO product with Principal Health Care of Florida, they will be matched to a Health Options HMO product that is most like their current plan. If the group has a point-of-service product, they will be offered our Blue Cross Care Manager product. Groups that have a dual option HMO/POS product will be offered our HMO/Blue Cross Care Manager product. This policy is applicable statewide.

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**Alternative Product Options** – Blue Cross and Blue Shield of Florida will continue to offer alternative products to groups that request changes in their benefits. If the group requests benefit plan alternatives outside of the family of products to which they are matched, these benefit alternatives will not be capped.

**Early Renewals** -- We will convert any current Principal Health Care of Florida group that wishes to renew earlier than their scheduled date. Simply notify your BCBSF contact that the group would like an early renewal. The rate increase cap and product matching changes are effective for all groups with renewal dates of July 1, 1999 and beyond.

**April-June Renewals** -- For renewals already quoted at rates that exceed 15 percent from April through June 1999, we are currently updating these groups' rates and plan to begin communicating with groups and their agents in the upcoming weeks about their new rates. In some cases, groups will receive a premium reduction.

Based on feedback we have received from our agents and sales representatives, we believe that these enhancements and changes will assist in converting your clients to Blue Cross and Blue Shield of Florida.

If you have questions about these guidelines,  
please contact your BCBSF local sales office or  
your ONA/RBG sales management office.

Thank you for your continued support of Blue Cross and Blue Shield of Florida as we work to provide your clients with quality, affordable health care plans.

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# BlueCross BlueShield of Florida

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## Principal Health Care of Florida 1-50 Small Group Rate Increase Cap Policy May 5, 1999

### **Background**

When Blue Cross and Blue Shield of Florida (BCBSF) purchased Principal Health Care of Florida (PHCF) in 1998, the company announced plans to begin converting the PHCF groups in April 1999 through March 2000. As BCBSF started the renewal process for the PHCF groups earlier this year, we began to hear from our agents and sales representatives that issues such as rate increases and product matches were making it challenging for the groups to choose BCBSF. To ease these groups' transition to BCBSF, we have made modifications to our rates and improved our product matching. We have requested approval from the Florida Department of Insurance to implement these changes statewide for groups with 1-50 eligible employees/lives, and are awaiting DOI approval. We believe that these enhancements will assist in our conversion efforts and help the company achieve its acquisition goals.

Effective July 1, 1999, BCBSF has a new statewide policy related to a rate increase cap and product matching on all renewing groups with 1-50 eligible lives. This document outlines the details of this policy

### **Rate Increase Cap**

A 15 percent rate increase cap will apply to all existing Principal Health Care of Florida groups which have 1-50 eligible employees/lives and renew in the April 1, 1999 to March 31, 2000 timeframe. There will not be any rate increase cap on groups with more than 50 lives. This means that the group's premium will not be higher than 15 percent of their current premium with Principal Health Care of Florida, if the group chooses the product which is matched to them by BCBSF. The 15 percent rate increase cap applies only to product to which the group is matched.

If the renewal produced for a group is less than 15 percent, that rate will apply. All groups will receive their renewal based on the census data used to calculate the renewal, capped at 15 percent. If the actual renewal results in an increase of less than 15 percent, the non-capped action will apply. No floor is being implemented, therefore if the demographic information produces a rate reduction, that reduction will be provided to the group.

No rate increase caps will be implemented for 1-50 new business quotes. As a result of the rate increase cap on the Principal Health Care of Florida groups, a comparison of a Principal Health Care of Florida group and a new business quote with similar demographic information and benefit plan design will reflect different rates. Therefore, the renewal rates produced in Jacksonville for the Principal Health Care of Florida group will be different than rates produced using the field rating application for a new business prospect.

We also expect to implement a rate increase cap for the April 1, 2000 to March 31, 2001 timeframe, although the details of the rate increase cap have yet to be finalized. We expect to eliminate the rate increase cap as of March 31, 2001 and groups will be rated using the full manual rates in place of their normal renewal date in the April 1, 2001 to March 31, 2002 timeframe.

### **Product Matching Changes**

If the 1-50 group currently has an HMO product with Principal Health Care of Florida, they will be matched to a Health Options HMO product that is most like their current plan. If the group has a point-of-service product, they will be offered our Blue Cross Care Manager product. Groups that have a dual option HMO/POS product will be offered our HMO/Blue Cross Care Manager product. This same matching process will be applied on a statewide basis.

Products within a family (HMO or Care Manager) will retain the correct rate relationships. For example, if the group is matched to the Option 2 product, that rate increase is capped at 15 percent and the other HMO product offerings (Options 1, 3 and 4) will retain the appropriate rate relationship to the capped, Option 2 plan. If the group requests benefit plan alternatives outside of the HMO family of products, any other product offering will not be capped; therefore, the relationship between the capped HMO product and other product lines will not be the same as the rate relationship currently in place today.

For example, based on group specific demographics, we may have situations where the capped Care Manager rates may be lower than an equivalent HMO plan being offered as an alternative.

### **Alternative Product Requests**

We will continue the practice of offering alternative product options in conjunction with the renewal action. For single option groups which request a dual option quote as an alternative, the current product offering will be capped at 15 percent. For example, if the group currently has an HMO only product under PHCF, the group will be matched to the HMO product with the most like benefit. If the group requests a dual option product offering, the HMO portion of the dual option offering will continue to be capped.

In the current environment BCBSF offers the two plan options closest in value to the matched plan which have a lesser benefit. No plan alternatives will be provided outside of the family of products unless specifically requested.

Benefit plan alternates within the same family of products will continue to be provided in conjunction with the renewal action. If the group was matched to an HMO product, HMO benefit plan alternates will be provided and if the group was matched to Care Manager, Care Manager alternates will be provided. Any request for additional benefit plan alternates will be rated by BCBSF Underwriting. The current process in place for requesting these plan alternates will continue.

For those groups which request a dual option quote as an alternative, the current product offering will be capped at 15 percent, but no cap will apply to the other product offering. For example, if the group currently has an HMO-only product with Principal Health Care of Florida, the group will be matched to the Health Options HMO product with the most like benefit. If the group requests a dual option offering, the HMO portion of the dual option offering will continue to be capped, but the non-HMO portion will not be capped.

## Final Rating

For all existing Principal Health Care of Florida groups, final rating is applicable in the following situations:

- Groups which change from a single option to a dual option product;
- Groups which move from a blended to split rate basis;
- Groups which move from a split to a blended rate basis;
- Groups which experience a significant change in enrollment due to acquisition or divestiture. A significant change is defined as a change in enrollment (either upward or downward) of 15 percent or greater from the enrollment which was used to develop rates;
- Groups which experience a significant change in the employer contribution level. A significant change occurs when the level changes by 10 percent or more from the existing contribution basis.

Final rating will continue to apply in these situations described above. Final rating is completed after the group's renewal date and is used to compare the initial forecasting of the group's demographics to the actual demographics when the group renewed. Any change that would cause a 5 percent difference in a group's rates will cause the rate to increase or decrease by that amount.



To reemphasize however, the overall rate increase will be capped at 15 percent based on the product which most closely matches the group's existing product. There will be situations where the overall rate increase is greater than 15 percent, when there has been a change in the product offering. For example, a group which currently has HMO-only coverage and moves to an HMO/PPO dual option product will have the HMO portion of the offering capped at 15 percent (including the adjustment for final rating), but no cap applies to the PPO portion of the quote. Based upon the number of individuals who select the HMO and PPO product, the overall premium will be greater than 15 percent, compared to the premium generated by the current HMO-only product offering.

### **April-May Renewals**

Groups that already renewed in April or May that had a rate increase above 15 percent of their previous Principal Health Care of Florida premium will receive a reduction in their monthly premium. We are currently updating these groups' rates and plan to begin communicating with groups and their agents in the upcoming weeks about their new rates. The groups will receive a refund check for the overpayment.

### **June Renewals**

We are able to use the same product matching policy that is effective for July renewals with the June renewal groups. As a result of these changes we may now be offering a different product than the one originally quoted in the renewal to a June group in mid-April. There are potentially two scenarios with a June renewal:

- Groups that were originally matched to the product which most closely resembles their Principal Health Care of Florida product will receive revised rates capped at 15 percent if the original quote was above that percentage; and
- Groups that were not originally matched to a similar product will now receive a different product. If that rate exceeds 15 percent, it will be capped.

For groups that are making decisions for June, we are quickly updating these groups' rates and plan to communicate with them in the upcoming weeks about their new rates. These new rates will replace those quoted in the original proposal mailed in mid-April. In order to take advantage of this rate reduction, June groups must be enrolled in the proposed BCBSF products for a June 1, 1999 effective date.

### **Early Renewals**

We will convert any current Principal Health Care of Florida group that wishes to renew earlier than their scheduled date. Their representative simply has to notify their BCBSF contact that the group would like an early renewal. The rate increase cap and product matching changes are effective for all groups with renewal dates of July 1, 1999 and beyond.

## Communication Plan

A special sales bulletin was mailed the week of May 3 to all agents and sales representatives who had a group renewing in July 1999. Several training sessions are being held during the first two weeks in May with sales management to educate them on the new changes. Letters to customers with April through June renewal dates will be mailed in the coming weeks. This policy outlining the details of the changes and a question and answer document is being shared with all agents and sales representatives.

We also plan to communicate with former Principal Health Care of Florida groups who did not renew with BCBSF in April or May to notify them of these changes and offer them the opportunity to switch to BCBSF. Customer service representatives with both BCBSF and Principal Health Care of Florida (Health Options Connect) will also have the materials to answer any questions.



**BlueCross BlueShield  
of Florida**

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**SAMPLE LETTER  
Do Not Mail**

Date

Name

Company

Address

City, State Zip

Dear Customer Name:

Blue Cross and Blue Shield of Florida has some important news to share with you regarding a reduction in your health plan premiums.

We recently requested approval from the Florida Department of Insurance to implement a 15% rate increase cap policy for groups size 1-50 converting from Principal Health Care of Florida to Blue Cross and Blue Shield of Florida. At the time of your group's renewal, we had not yet requested the rate increase cap. Now that this policy is in effect, we are able to reduce your monthly premium. We also improved our product matching so that your group can receive a benefit package similar to your previous coverage under Principal Health Care of Florida, if you request it. We hope these new policies will help you in making the transition to our Blue Cross and Blue Shield of Florida family.

Effective April 1, 1999 (OR May 1, 1999), your new rates will be:

#### **DETAILS ON RATE PREMIUM**

In order to credit your group with this premium reduction, we will mail you a refund check which reflects the rate differential for any months billed at the higher rate. Please do not take a credit on your invoice as this may confuse the ongoing reconciliation of your account. Once the new rates are entered on our system, all future months will be billed at the new rate.

We have also sent your agent/sales representative a copy of this letter. Please contact your agent/sales representative if you have any questions concerning this good news. Thank you for giving us the opportunity to provide you with the peace of mind that comes with being covered by Blue Cross and Blue Shield of Florida.

Sincerely,

Robert S. Sebok

Chief Marketing Executive





**BlueCross BlueShield  
of Florida**

An Independent Licensee of the  
Blue Cross and Blue Shield Association

**SAMPLE LETTER  
Do Not Mail**

Date

Name

Company

Address

City, State Zip

Dear Customer Name:

Blue Cross and Blue Shield of Florida has some important news to share with you regarding the proposal you received in mid-April to convert your group health insurance from Principal Health Care of Florida to a Blue Cross and Blue Shield of Florida product.

We recently requested approval from the Florida Department of Insurance to implement a 15% rate increase cap policy for groups size 1-50 converting from Principal Health Care of Florida to Blue Cross and Blue Shield of Florida. We also improved our product matching so that your group can receive a benefit package similar to your previous coverage under Principal Health Care of Florida. We hope these new policies will help you in making the transition to our Blue Cross and Blue Shield of Florida family.

If you convert your group health insurance to Blue Cross and Blue Shield of Florida on June 1, 1999 as expected, we are now able to offer you the following product and rate:

#### **DETAILS ON RATE PREMIUM**

You will notice that we have now matched your group to a product that is similar in benefits and design to your previous Principal Health Care of Florida product. This may or may not be a change from the product quoted in your original renewal proposal to your organization sent in mid-April. These revised products and rates replace those quoted in that original proposal. We have also sent your agent/sales representative a copy of this letter. Please contact your agent/sales representative if you have any questions concerning this good news.

Thank you for giving us the opportunity to provide you with the peace of mind that comes with being covered by Blue Cross and Blue Shield of Florida.

Sincerely,

Robert S. Sebok  
Chief Marketing Executive

P.S. Remember, in order to take advantage of this opportunity, you must enroll your group in the proposed BCBSF products for a June 1, 1999 effective date.



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**SAMPLE LETTER  
Do Not Mail**

**Date:** May 14, 1999

**To:** Former Principal Health Care of Florida Customers

**From:** Jack Bradley  
BCBSF Marketing Vice President

**RE:** Good News — Revision to Previous Health Insurance Proposal

I wanted to share some important news regarding changes in Blue Cross and Blue Shield of Florida's proposals to groups previously with Principal Health Care of Florida. According to our records, your group health care coverage was not converted to Blue Cross and Blue Shield of Florida on your group's anniversary date. If you are still interested in having the peace of mind that comes with being covered by Blue Cross and Blue Shield of Florida, please read further to learn about our changes.

We heard from our agents and sales representatives that issues such as rates and product matches are making it a challenge for the Principal Health Care of Florida groups to choose Blue Cross and Blue Shield of Florida. We recently requested approval from the Florida Department of Insurance to implement a rate increase cap for groups with 1-50 employees converting to Blue Cross and Blue Shield of Florida. We also improved our product matching so that a group can receive a benefit package similar to their previous coverage under Principal Health Care of Florida.

*Improved Product Matching* – If your group previously had an HMO product with Principal Health Care of Florida, you will be matched to a Health Options HMO product that is most like your previous plan, regardless of the product you had purchased. If your group had a point-of-service product, you will be offered our Blue Cross Care Manager. Groups that had a dual option HMO/POS product will be offered our HMO/Blue Cross Care Manager product.

*Rate Modification* – To ease your group's transition to Blue Cross and Blue Shield of Florida, we've placed a 15 percent rate increase cap on those products to which your group is now matched. If you were previously quoted a rate of more than 15 percent on a similar benefit package, you would now only be asked to pay a new premium up to 15 percent higher than your previous premium with Principal Health Care of Florida.

These new policies are applicable statewide, and apply to groups with 1-50 eligible lives that meet our underwriting policies for eligibility. If you are interested in learning more about these changes and how they impact you, please contact your agent representative or your local Blue Cross and Blue Shield of Florida sales office.

We hope these changes will help you to reconsider your choice of health plan carriers, and that you'll choose Florida's health care leader, Blue Cross and Blue Shield of Florida. Thank you.

**Q:** *Why is Blue Cross and Blue Shield of Florida implementing these changes for July renewals?*

**A:** We started the renewal process for the Principal Health Care of Florida groups earlier this year, and began to hear from our agents and sales representatives that issues such as rate increases and product matches were making it challenging for the groups to choose BCBSF. To ease these groups' transition from Principal Health Care of Florida to BCBSF, we made modifications to our rates and improved our product matching. We requested approval from the Florida Department of Insurance to implement these changes statewide for groups with 1-50 eligible employees/lives. We believe that these enhancements will assist in our conversion efforts.

**Q:** *What about groups that renewed in April and May, and those that are making decisions now for June?*

**A:** Groups that already renewed in April or May that had a rate increase above 15 percent of their previous Principal Health Care of Florida premium will receive a reduction in their monthly premium. We are currently updating these groups' rates and plan to begin communicating with groups and their agents in the upcoming weeks about their new rates. The groups will receive a refund check for the overpayment.



For groups that are making decisions for June, we are quickly updating these groups' rates and product matches and plan to communicate with them in the upcoming weeks about their new rates. These new rates and products will replace those quoted in the original proposal mailed in mid-April. In order to take advantage of this opportunity, June groups must be enrolled in the proposed BCBSF products for a June 1, 1999 effective date.

**Q:** *Can a group that did not renew with BCBSF in April and May reconsider its decision based on this new policy?*

**A:** Yes – BCBSF is planning to send a memorandum to those groups that received a renewal proposal from us but did not respond to offer them the opportunity to reconsider and switch to BCBSF. Any group that would like to receive a new rate and product match can do so – requests should come to either Glenda Mixon or Kathy Canto in Group Underwriting.

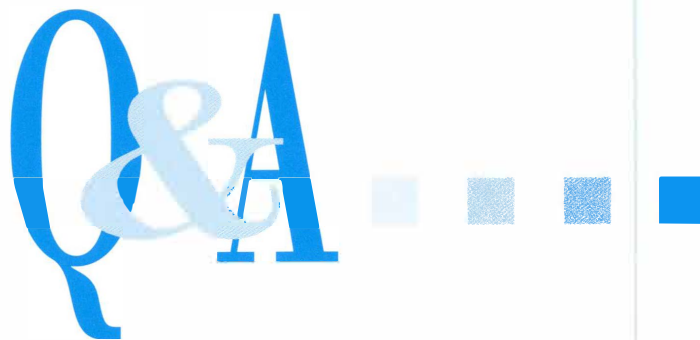
**Q:** *What action will be taken for those June groups where the renewal has been delivered but no decision has been made with respect to the renewal decision?*



**A:** We will be recalculating the renewals and implementing the 15 percent rate increase cap for all Principal Health Care of Florida groups with June 1 renewal dates. In some situations, groups which previously had point-of-service coverage with Principal Health Care of Florida were matched originally to a Health Options HMO product offering. As we revise the renewals for the June 1 groups, we will be matching those groups to the Blue Cross Care Manager product. We expect these renewals will be released to you in the near future, but will provide more specific information with respect to timing by May 14.

**Q:** *Why is my June group receiving a different product than was quoted originally?*

**A:** We are able to use the same product matching policy that is effective for July renewals with the June renewal groups. As a result of these changes we may now be offering a different product than the one originally quoted in the renewal to a June group in mid-April. There are potentially two scenarios with a June renewal: Groups that were originally matched to the product which most closely resembles their Principal Health Care of Florida product will receive revised rates capped at 15 percent if the original quote was above that percentage; and groups that were not originally matched to a similar product will now receive a different product. If that rate exceeds 15 percent, it will be capped.



**Q:** *For which accounts does the rate increase cap apply?*

**A:** The 15 percent rate increase cap is applicable to all existing Principal Health Care of Florida accounts which have 1-50 eligible employees/lives.

**Q:** *Will any cap be implemented for accounts with more than 50 lives?*

**A:** There will not be any rate increase cap on accounts with more than 50 lives.

**Q:** *Will any cap be implemented for 1-50 new business quotes?*

**A:** No rate increase caps will be implemented for 1-50 new business quotes. As a result of the rate increase cap on the Principal Health Care of Florida accounts, a comparison of a Principal Health Care of Florida account and a new business quote with similar demographic information and benefit plan design will reflect different rates. Therefore, the renewal rates produced in Jacksonville for the Principal Health Care of Florida account will be different than rates produced using the field rating application for a new business prospect.

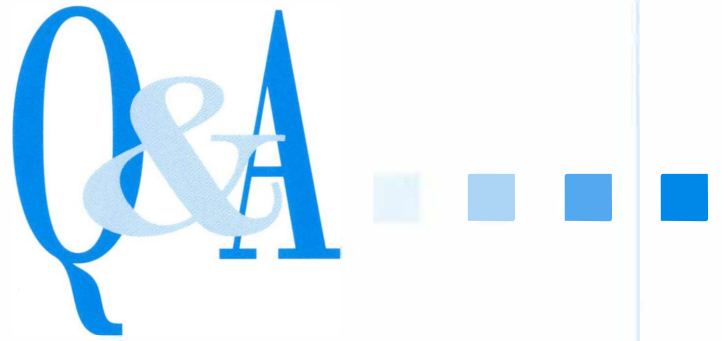
**Q:** *Will there be any rate increase caps implemented for subsequent renewal actions?*

**A:** The 15 percent rate increase cap is applicable for existing Principal Health Care of Florida accounts which renew in the April 1, 1999 to March 31, 2000 timeframe. We expect to implement a rate increase cap for the April 1, 2000 to March 31, 2001 timeframe, although the details of the rate increase cap have yet to be finalized. We expect to eliminate the rate increase cap as of March 31, 2001 and accounts will be rated using the full manual rates in place of their normal renewal date in the April 1, 2001 to March 31, 2002 timeframe.

**Q:** *Will benefit plan alternates continue to be provided with the renewal action?*

**A:** Benefit plan alternates within the same family of products will continue to be provided in conjunction with the renewal action. If the account was matched to an HMO product, HMO benefit plan alternates will be provided and if the account was matched to Care Manager, Care Manager alternates will be provided. Any request for additional benefit plan alternates will be rated by BCBSF Underwriting. The current process in place for requesting these plan alternates will continue.

**Q:** *Will the requested benefit plan alternates also be capped?*



**A:** The 15 percent rate increase cap is applicable only to the product to which the account is matched. Products within the same family will retain the correct rate relationships. For example, if the account is matched to the HMO Option 2 product, the overall rate increase will be capped at 15 percent and the other HMO product offerings (Options 1, 3 and 4) will retain the appropriate rate relationship to the capped Option 2 plan. Any request for a product offering outside of the HMO family of products will not be capped. In this example, if a Care Manager product offering was requested as an alternate, the Care Manager offering would not be capped.

**Q:** *What happens if I request a Dual Option product offering as an alternative?*

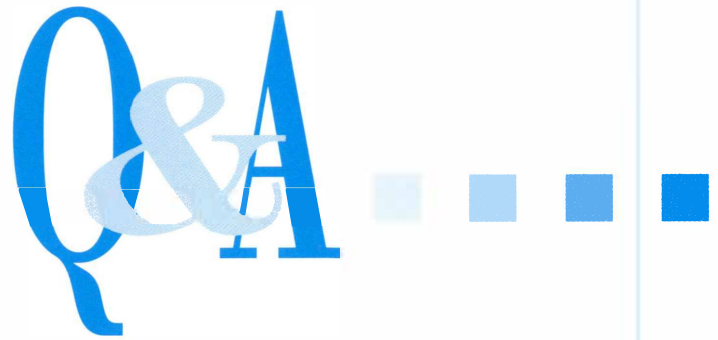
**A:** For those groups which request a dual option quote as an alternative, the current product offering will be capped at 15 percent, but no cap will apply to the other product offering. For example, if the account currently has an HMO-only product with Principal Health Care of Florida, the account will be matched to the HMO product with the most like benefit. If the account requests a dual option offering, the HMO portion of the dual option offering will continue to be capped, but the non-HMO portion will not be capped.

## **Q:** *Will final rating still apply?*

**A:** For all existing Principal Health Care of Florida accounts, final rating is applicable in the following situations:

- Accounts which change from a single option to a dual option product;
- Accounts which move from a blended to split rate basis;
- Accounts which move from a split to a blended rate basis;
- Accounts which experience a significant change in enrollment due to acquisition or divestiture. A significant change is defined as a change in enrollment (either upward or downward) of 15 percent or greater from the enrollment which was used to develop rates;
- Accounts which experience a significant change in the employer contribution level. A significant change occurs when the level changes by 10 percent or more from the existing contribution basis.

Final rating will continue to apply in these situations described above. To reemphasize, the overall rate increase will be capped at 15 percent based on the product which most closely matches the account's existing product. There will be situations where the overall rate increase is greater than 15 percent, when there has been a change in the product offering. For example, an account which currently has HMO-only coverage and moves to an HMO/PPO dual option product will have the HMO portion of the offering capped at 15 percent (including the adjustment for



final rating), but no cap applies to the PPO portion of the quote. Based upon the number of individuals who select the HMO and PPO product, the overall premium will be greater than 15 percent, compared to the premium generated by the current HMO-only product offering.

## **Q:** *What happens to those accounts where the renewal produces less than a 15 percent increase?*

**A:** If the renewal produced for an account is less than 15 percent, that rate will apply.

## **Q:** *If the renewal results in a rate reduction, will the group receive the rate decrease? Is there any type of floor being implemented?*

**A:** All accounts will receive their renewal based on the census data used to calculate the renewal, capped at 15 percent. If the actual renewal results in an increase of less than 15 percent, the non-capped action will apply. No floor is being implemented, therefore if the demographic information produces a rate reduction, that reduction will be provided to the account.



**Q:** *Can groups still renew before their scheduled anniversary date?*

**A:** We will convert any current Principal Health Care of Florida group that wishes to renew earlier than their scheduled date. Their representative simply has to notify their BCBSF contact that the group would like an early renewal.

**Q:** *Will the rate increase cap be applicable for groups requesting early rate renewals?*

**A:** The 15 percent rate increase cap is applicable to all existing Principal Health Care of Florida groups which have 1-50 eligible employees. The cap applies for groups which renew in the April 1, 1999 to March 31, 2000 timeframe, so the cap is applicable for groups requesting early renewals.

**Q:** *How is BCBSF communicating this information to key audiences?*

**A:** A special sales bulletin was mailed the week of May 3 to all agents and sales representatives who had a group renewing in July 1999. Several training sessions are being held during the first two weeks in May with sales management to educate them on the new changes. Letters to customers with April through June renewal dates will be mailed in the coming weeks. A policy outlining the details of the changes and



this question and answer document is being shared with all agents and sales representatives. We also plan to communicate with former Principal Health Care of Florida groups who did not renew with BCBSF in April or May to notify them of these changes and offer them the opportunity to switch to BCBSF. Customer service representatives with both BCBSF and Principal Health Care of Florida (Health Options Connect) will also have the materials to answer any questions. ■





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